

QUARTERLY REPORT

TRADING NAME OF LICENSEE: Bally's Park Place, Inc. (Bally's Atlantic City)

For The Quarter Ended June 30, 2005

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

BALANCE SHEETS

AS OF JUNE 30, 2005 AND 2004

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
	ASSETS		
	Current Assets:		
1	Cash and cash equivalents.	\$ 29,287	\$ 24,950
2	Short-term investments.	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 2005, \$ 8,042 ; 2004, \$ 4,264). NOTE 2.	157,551	96,344
4	Inventories.	2,479	2,543
5	Prepaid expenses and other current assets.	7,668	8,245
6	Total current assets.	196,985	132,082
7	Investments, Advances, and Receivables. NOTES 1 and 3.	129,927	137,222
8	Property and Equipment - Gross. NOTES 1 and 4.	1,243,282	1,275,427
9	Less: Accumulated Depreciation/Amortization. NOTES 1 and 4.	(641,772)	(622,450)
10	Property and Equipment - Net.	601,510	652,977
11	Other Assets. NOTE 5.	17,694	17,801
12	Total Assets.	\$ 946,116	\$ 940,082
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts payable.	\$ 4,943	\$ 3,739
14	Notes payable.	-	-
	Current portion of long-term debt.		
15	Due to affiliates.	-	-
16	Other.	60	63
17	Income taxes payable and accrued.	-	-
18	Other accrued expenses. NOTE 6.	35,769	40,016
19	Other current liabilities. NOTE 7.	12,600	9,387
20	Total current liabilities.	53,372	53,205
	Long-Term Debt:		
21	Due to affiliates. NOTE 8.	584,000	584,000
22	Other. NOTE 8.	1,234	1,364
23	Deferred Credits.	-	-
24	Other Liabilities. NOTE 9.	1,827	1,608
25	Commitments And Contingencies. NOTE 1.	-	-
26	Total Liabilities.	640,433	640,177
27	Stockholders', Partners', Or Proprietor's Equity.	305,683	299,905
28	Total Liabilities And Equity.	\$ 946,116	\$ 940,082

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (A)	DESCRIPTION (b)	2005 (c)	2004 (d)
	REVENUE:		
1	Casino	\$ 304,713	\$ 321,694
2	Rooms	24,274	24,143
3	Food and Beverage	42,676	44,557
4	Other	10,850	10,355
5	Total Revenue	382,513	400,749
6	Less: Promotional allowances	76,902	83,140
7	Net Revenue	305,611	317,609
	COSTS AND EXPENSES:		
8	Costs of Goods and Services	188,325	196,819
9	Selling, General, and Administrative	40,564	36,035
10	Provision for Doubtful Accounts	575	454
11	Total costs and expenses	229,464	233,308
12	Gross Operating Profit	76,147	84,301
13	Depreciation and amortization NOTE 1. .	22,750	22,669
	Charges from affiliates other than interest:		
14	Management fees NOTE 10. .	10,097	10,661
15	Other	---	---
16	Income (Loss) from Operations	43,300	50,971
	Other Income (Expenses):		
17	Interest (expense) - affiliates NOTE 8. .	(24,625)	(24,818)
18	Interest (expense) - external	(392)	(119)
19	Investment alternative tax and related income (expense) - net	(2,905)	1,680
20	Non-operating income (expense) - net NOTE 11. .	11,673	2,169
21	Total other income (expenses)	(16,249)	(21,088)
22	Income (Loss) Before Income Taxes and Extraordinary Items	27,051	29,883
23	Provision (credit) for income taxes	8,128	13,229
24	Income (Loss) Before Extraordinary Items	18,923	16,654
25	Extraordinary items (net of income taxes)	---	---
26	Net Income (Loss)	\$ 18,923	\$ 16,654

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: BALLY'S PARK PLACE, INC. (Bally's Atlantic City)

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 2005 AND 2004

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (A)	DESCRIPTION (b)	2005 (c)	2004 (d)
	REVENUE:		
1	Casino	\$ 157,729	\$ 164,149
2	Rooms	13,558	13,212
3	Food and Beverage	22,870	22,888
4	Other	5,387	5,393
5	Total Revenue	199,544	205,642
6	Less: Promotional allowances	39,612	42,528
7	Net Revenue	159,932	163,114
	COSTS AND EXPENSES:		
8	Costs of Goods and Services	95,685	98,949
9	Selling, General, and Administrative	20,579	16,998
10	Provision for Doubtful Accounts	375	100
11	Total costs and expenses	116,639	116,047
12	Gross Operating Profit	43,293	47,067
13	Depreciation and amortization NOTE 1. .	11,358	11,352
	Charges from affiliates other than interest:		
14	Management fees NOTE 10. .	5,307	5,479
15	Other	---	---
16	Income (Loss) from Operations	26,628	30,236
	Other Income (Expenses):		
17	Interest (expense) - affiliates NOTE 8. .	(12,286)	(12,419)
18	Interest (expense) - external	(196)	(61)
19	Investment alternative tax and related income (expense) - net	(2,337)	(31)
20	Non-operating income (expense) - net NOTE 11. .	16,616	2,242
21	Total other income (expenses)	1,797	(10,269)
22	Income (Loss) Before Income Taxes and Extraordinary Items	28,425	19,967
23	Provision (credit) for income taxes	5,759	8,127
24	Income (Loss) Before Extraordinary Items	22,666	11,840
25	Extraordinary items (net of income taxes)	---	---
26	Net Income (Loss)	\$ 22,666	\$ 11,840

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004 AND SIX MONTHS ENDED JUNE 30, 2005

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid - In Capital (g)	----- ----- ----- (h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholder's Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2003	100	\$ 1			\$ 128,260		\$ 154,990	\$ 283,251
2	Net Income - 2004							33,509	33,509
3	Contribution to Paid - In Capital								
4	Dividends							(30,000)	(30,000)
5	Prior Period Adjustments								
6	Distribution to PPE								
7									
8									
9									
10	Balance, December 31, 2004	100	\$ 1			128,260		158,499	286,760
11	Net Income (Loss) - 2005							18,923	18,923
12	Contribution to Paid - In Capital								
13	Dividends								
14	Prior Period Adjustments								
15									
16									
17									
18									
19	Balance, June 30, 2005	100	\$ 1			\$ 128,260		\$ 177,422	\$ 305,683

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

Page 1 of 2

FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	Description (b)	2005 (c)	2004 (d)
1	Net Cash Provided (Used) By Operating Activities	\$ 30,182	\$ 17,650
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities	---	---
3	Proceeds from the sale of short-term investment securities	---	---
4	Purchase outflows for property and equipment	(15,319)	(13,368)
5	Proceeds from disposition of property and equipment	196	452
6	Purchase of casino reinvestment obligations	(3,840)	(3,992)
7	Purchase of other investments and loans/advances made	(284)	(4,052)
8	Proceeds from disposal of investments and collection of advances and long-term receivables	532	11,712
9	Cash outflows to acquire business entities	---	---
10	_____	---	---
11	Net book values of disposals	---	---
12	Net Cash Provided (Used) By Investing Activities	(18,715)	(9,248)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt	---	---
14	Payments to settle short-term debt	---	---
15	Cash proceeds from issuance of long-term debt	---	500
16	Costs of issuing debt	---	---
17	Payments to settle long-term debt	(61)	(126)
18	Cash proceeds from issuing stock or capital contributions	---	---
19	Purchases of treasury stock	---	---
20	Payments of dividends or capital withdrawals	---	---
21	Change in payable to/receivable from affiliate	(19,189)	(34,164)
22	_____	---	---
23	Net Cash Provided (Used) By Financing Activities	(19,250)	(33,790)
24	Net Increase (Decrease) In Cash And Cash Equivalents	(7,783)	(25,388)
25	Cash And Cash Equivalents At Beginning Of Period	37,070	50,338
26	Cash And Cash Equivalents At End Of Period	\$ 29,287	\$ 24,950

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	\$ 25,017	\$ 24,937
28	Income taxes	\$ 8,128	\$ 13,229

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

Page 2 of 2

FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	Description (b)	2005 (c)	2004 (d)
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	\$ 18,923	\$ 16,654
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	22,750	22,669
31	Amortization of other assets	---	---
32	Amortization of Debt Discount or Premium	---	---
33	Deferred Income taxes - current.	---	---
34	Deferred income taxes - noncurrent	---	---
35	(Gain) loss on disposition of property and equipment	(264)	(349)
36	(Gain) loss on casino reinvestment obligations	2,905	(1,680)
37	(Gain) loss from other investment activities	(10,633)	(956)
38	Net (increase) decrease in receivables and patrons' checks	1,396	(2,884)
39	Net (increase) decrease in inventories	(208)	704
40	Net (increase) decrease in other current assets	(743)	(3,621)
41	Net (increase) decrease in other assets	2	2
42	Net increase (decrease) in accounts payables	(886)	(1,406)
43	Net increase (decrease) in other current liabilities excluding debt	(3,308)	(11,228)
44	Net increase in other noncurrent liabilities excluding debt.	248	(255)
45	Loss on extinguishment of debt, net of income tax benefit.	---	---
46	Amortization of CRDA assets	---	---
47	Net Cash Provided (Used) By Operating Activities	\$ 30,182	\$ 17,650

SUPPLEMENTAL SCHEDULE OF INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	\$ 15,319	\$ 13,368
49	Less: Capital lease obligations incurred	---	---
50	Cash Outflows For Property And Equipment	\$ 15,319	\$ 13,368
	Acquisition Of Business Entities:		
51	Property and equipment acquired	\$ ---	\$ ---
52	Goodwill acquired	---	---
53	Net assets acquired other than cash, goodwill, and property and equipment	---	---
54	Long-term debt assumed	---	---
55	Issuance of stock or capital invested	---	---
56	Cash Outflows To Acquire Business Entities	\$ ---	\$ ---
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions	\$ ---	\$ ---
58	Less: Issuances to settle long-term debt	---	---
59	Consideration in acquisition of business entities	---	---
60	Cash Proceeds From Issuing Stock Or Capital Contributions	\$ ---	\$ ---

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE SIX MONTHS ENDED JUNE 30, 2005

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	295,633	\$ 13,903	0	\$ 0
2	Food	1,439,549	19,278	0	0
3	Beverage	4,400,311	8,801	0	0
4	Travel		0	29,674	1,924
5	Bus Program Cash	503,201	8,395	0	0
6	Other Cash Complimentaries	1,246,564	21,972	0	0
7	Entertainment	65,045	325	6,672	834
8	Retail & Non-Cash Gifts	78,198	3,999	131,573	5,511
9	Parking	92,179	92	92,179	277
10	Other *	4,558	137	195,542	1,720
11	Total	8,125,238	\$ 76,902	455,640	\$ 10,266

FOR THE THREE MONTHS ENDED JUNE 30, 2005

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	144,533	\$ 7,077		\$
2	Food	748,164	9,966		
3	Beverage	2,264,028	4,528		
4	Travel			17,536	1,100
5	Bus Program Cash	279,875	4,710		
6	Other Cash Complimentaries	685,850	11,296		
7	Entertainment	27,615	138	4,623	578
8	Retail & Non-Cash Gifts	39,279	1,767	32,778	2,358
9	Parking	58,499	58	58,499	176
10	Other *	2,389	72	100,439	941
11	Total	4,250,232	\$ 39,612	213,875	\$ 5,153

* No item in this category exceeds 5%.

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and basis of presentation

The accompanying financial statements include the accounts of Bally's Park Place, Inc., a New Jersey corporation (the "Company"), a wholly owned subsidiary of Harrah's Entertainment, Inc. ("Harrah's"). The Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as "Bally's Atlantic City." The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations.

On July 14, 2004, Caesars Entertainment, Inc. ("CEI"), Harrah's and Harrah's Operating Company, Inc., a wholly-owned subsidiary of Harrah's, entered into an Agreement and Plan of Merger (the "Merger Agreement"), providing for the merger of CEI with and into Harrah's Operating Company, Inc., which would be the surviving corporation. On March 11, 2005 the stockholders of CEI and Harrah's approved the Merger Agreement. On June 14, 2005 all regulatory approvals were received and the merger between CEI, Harrah's and Harrah's Operating Company, Inc. was completed.

All adjustments to the financial statements have been recorded and are, in the opinion of management, necessary for a fair presentation of the balance sheets of the Company at June 30, 2005 and 2004, and its statements of income for the three months and six months ended June 30, 2005 and 2004 and its statements of cash flows for the six months ended June 30, 2005 and 2004. All such adjustments were of a normal recurring nature.

Seasonal factors

The Company's operations are subject to seasonal factors and, therefore, the results of operations of the six months ended June 30, 2005 and 2004 are not necessarily indicative of the results of operations for the full year.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

Revenue recognition and promotional allowances

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food and beverage, and from theater ticket sales are recognized at the time the related services are performed. The Statement of Income reflects operating revenues including the retail value of complimentary services (also known as promotional allowances), which are deducted on a separate line to arrive at net revenues. Promotional allowances are provided to casino patrons without charge.

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the weighted average cost method.

Property and equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line basis over the estimated economic lives of the related assets. Depreciation expense was \$11,358 and \$11,352 for the three months ended June 30, 2005 and 2004, respectively; and \$22,750 and \$22,669 for the six months ended June 30, 2005 and 2004, respectively.

<u>Asset class</u>	<u>Life</u>
Buildings	40 years
Building improvements	3-10 years
Furniture, Fixtures and Equipment	3-10 years

Connection Card Program

The Connection Card Program allows players to earn credits that may be accumulated over time and redeemed at their discretion at any Caesars casino in the United States in accordance with the rules of the program. The Company records an estimated liability for the incremental cost of providing goods and services under the program at the time the credits are earned.

Fair value of financial instruments

The fair values of the Company's financial instruments including receivables, payables and debt approximate their recorded book values at June 30, 2005 and 2004.

Investments in subsidiaries

The Company has an investment in Atlantic City Country Club and GNOC, Corp. The investments are reflected in the accompanying financial statements using the equity method.

On September 27, 2004, GNOC, Corp. and Bally's Olympia, LP ("BOLP") entered into a definitive agreement to sell most of the assets and certain related liabilities of the Atlantic City Hilton as well as the assets of the Company and certain other affiliates of CEI to Resorts International Holdings, LLC ("Colony") an affiliate of Colony Capital, LLC, a Los Angeles based international private investment firm, for approximately \$612,000,000 (see Notes 3 & 4). The transaction was completed on April 25, 2005. GNOC Corp. ceased to operate the Atlantic City Hilton as of that date.

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Allocations and transactions with related parties

The Company transfers cash in excess of its operating needs to Harrah's on a daily basis. Harrah's provides the Company with cash advances for capital expenditures and working capital needs.

Certain executive, administrative and support operations of the Company and other Harrah's affiliates are consolidated, including limousine services, advertising, sales and marketing services, purchasing and certain other administrative departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable.

Harrah's allocates certain expenses to the Company, such as information technology, internal audit and risk management. These expenses are allocated using various formulas based on estimates of utilization of such expenses. Management believes that the methods used to allocate these costs are reasonable.

Accounting Pronouncements

In November 2002, the FASB issued Interpretation No ("FIN") 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of the Indebtedness of Others." FIN No. 45 elaborates on the disclosures to be made by a guarantor about its obligations under certain guarantees issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of this Interpretation apply to guarantees issued or modified after December 31, 2002. Implementation of this Interpretation did not have a material impact on the Company's financial statements.

In 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities." FIN No. 46 addresses consolidation of entities that are not controllable through voting interest or in which the equity investors do not bear the residual economic risks and rewards. These entities have commonly been referred to as special purpose entities. The Interpretation provides guidance related to identifying variable interest entities and determining whether such entities should be consolidated. It also provides guidance related to the interest in newly consolidated variable interest entities and requires disclosures for both the primary beneficiary of a variable interest entity and other beneficiaries of the entity. Implementation of this Interpretation did not have a material impact on the Company's financial statements, as the Company does not have any variable interest entities.

Income taxes

Taxable income or loss of the Company is included in the consolidated Federal income tax return of CEI through June 13, 2005 and Harrah's thereafter. The Company provides for income taxes by applying the respective state and federal statutory rates to pre-tax financial statement income. The corresponding liability or receivable is credited or charged to its corporate parent. Deferred income taxes and liabilities for temporary differences between the carrying amounts for financial reporting and income tax purposes, if any, are accounted for by Harrah's in accordance with the tax sharing agreement between Harrah's and the Company.

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

New Jersey tax legislation

The New Jersey State Legislature passed a bill to increase taxes on the New Jersey casino industry, beginning in the State's fiscal year 2004 (starting July 1, 2003). Included in this legislation is a tax on net profits, taxes on certain complimentarys, and increases in parking, rooms and other fees. Profits tax expense is reflected in the provision for income taxes. Other taxes are reflected in selling, general and administrative expenses.

Casino Reinvestment Development Authority

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by (i) investing in qualified eligible direct investments, (ii) making qualified contributions or (iii) depositing funds with the Casino Reinvestment Development Authority (the "CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have varying terms of up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

An affiliate of the Company, Boardwalk Regency Corporation ("Caesars Atlantic City") has entered into an agreement with developers for the renovation of the Ocean One Shopping Mall, located on the boardwalk in Atlantic City and has started the construction of a new parking garage. On July 1, 2005 the new parking garage has been opened. The Company and Caesars Atlantic City entered into a credit agreement (the "Credit Agreement") with the CRDA to partially finance the construction of these projects. The Credit Agreement provides for funding from the CRDA for qualified development costs incurred. The CRDA funding will come from amounts either currently on deposit or to be deposited with the CRDA pursuant to the Company and its affiliates' investment obligations.

As of June 30, 2005, the Company has received \$20,852 of previously deposited funds from the CRDA. Upon receipt of these funds, the Company recognized a reduction of \$6,881 in reserves, to reflect its current estimated realizable value of its remaining CRDA investments.

The twelve Atlantic City casino properties (the "AC Industry") and the CRDA have entered into an agreement with the New Jersey Sports & Exposition Authority (the "NJSEA") to provide funding to subsidize New Jersey's horseracing industry. In exchange for this funding, the NJSEA and the three active New Jersey racetracks will not conduct any casino gaming at the racetracks prior to January 1, 2009. As part of the agreement, the AC Industry will provide \$34 million over a four year period to the NJSEA and must deposit another \$62 million into the Casino Expansion Fund (managed by the CRDA). The \$62 million will be derived from funds either currently on deposit or to be deposited with the CRDA pursuant to each casino property's investment obligation. The Company's obligation is equal to its fair-share of AC Industry casino revenues. The Company estimates this commitment over the four year period to be a total of \$4,800, the first payment of which was made November 2004. The total estimated commitment will be charged to operations on a straight line basis through January 1, 2009. Once the Company meets its deposit obligation related to its fair share of the \$62 million, the Company is eligible to receive funds from the Casino Expansion Fund for qualified construction expenditures. The Company has until June 30, 2014 to submit an

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

application to exhaust its share of the Casino Expansion Fund. Any funds not transferred out of the Casino Expansion Fund by the required date will be transferred to funds on deposit with the CRDA pursuant to its ongoing investment obligations.

NOTE 2 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of June 30 consist of the following:

	<u>2005</u>	<u>2004</u>
Casino receivables (net of allowance for doubtful accounts – \$7,792 in 2005 and \$4,095 in 2004)	\$ 5,581	\$ 5,518
Other (net of allowance for doubtful accounts – \$250 in 2005 and \$169 in 2004)	5,856	4,975
Due from Harrah's	82,278	75,443
Due from Caesars Atlantic City	5,393	6,748
Due from GNOC	57,637	2,557
Due from affiliates	<u>806</u>	<u>1,103</u>
	<u>\$ 157,551</u>	<u>\$ 96,344</u>

\$4,232 of casino receivables and allowance for doubtful accounts were assigned to the Company by GNOC, Corp.

NOTE 3 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of June 30 consist of the following:

	<u>2005</u>	<u>2004</u>
Investment in wholly owned subsidiaries (see Note 1):		
Atlantic City Country Club, Inc.	\$ 13,421	\$ 14,329
Bally's Land Ventures Realty, Inc.	-	15,097
GNOC, Corp.	<u>84,275</u>	<u>71,629</u>
Total investment in subsidiaries	97,696	101,055
Casino Reinvestment Development Authority		
Investment obligations (less valuation reserves of \$14,394 in 2005 and \$15,123 in 2004)	26,633	30,890
Jacobs Family Terrace mortgage receivable (less reserve of \$250 in 2005 and 2004)	984	1,102
Long-term receivable from GNOC, Corp.	-	50
Long-term deposits	<u>4,614</u>	<u>4,125</u>
	<u>\$ 129,927</u>	<u>\$ 137,222</u>

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Amended

10/26/05

All the assets of Bally's Land Ventures Realty, Inc., \$14,342, were sold to Colony in April 2005 (see Note 1).

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment as of June 30 consist of the following:

	<u>2005</u>	<u>2004</u>
Land	\$ 70,994	\$ 112,378
Buildings and improvements	862,951	858,889
Furniture, fixtures and equipment	298,657	302,100
Construction in progress	<u>10,680</u>	<u>2,060</u>
	1,243,282	1,275,427
Less accumulated depreciation and amortization	<u>(641,772)</u>	<u>(622,450)</u>
	<u>\$ 601,510</u>	<u>\$ 652,977</u>

\$42,392 of land and improvements were sold to Colony in April 2005 (see Note 1).

NOTE 5 - OTHER ASSETS

Other assets as of June 30 consist of the following:

	<u>2005</u>	<u>2004</u>
Cost in excess of acquired assets, less accumulated amortization of \$260.	\$ 17,581	\$ 17,581
Other	<u>113</u>	<u>220</u>
	<u>\$ 17,694</u>	<u>\$ 17,801</u>

NOTE 6 - OTHER ACCRUED EXPENSES

Other accrued expenses as of June 30 consist of the following:

	<u>2005</u>	<u>2004</u>
Accrued payroll and benefits	\$ 21,182	\$ 22,792
Insurance claims	4,076	5,340
Other	<u>10,511</u>	<u>11,884</u>
	<u>\$ 35,769</u>	<u>\$ 40,016</u>

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 7 - OTHER CURRENT LIABILITIES

Other current liabilities as of June 30 consist of the following:

	<u>2005</u>	<u>2004</u>
Chip and token liability	\$ 2,653	\$ 2,774
Connection Card liability	3,886	2,699
Due to affiliates	1,873	1,040
Other	4,188	2,874
	<u>\$ 12,600</u>	<u>\$ 9,387</u>

NOTE 8 - LONG-TERM DEBT-DUE TO AFFILIATES AND OTHER

Long-term debt-due to affiliates and other as of June 30 consist of the following:

	<u>2005</u>	<u>2004</u>
Long-term debt due to affiliates:		
8.5% Note payable to Caesars Entertainment Finance Corporation ("CEFC") due January 1, 2009	\$500,000	\$ 500,000
8.5% Note payable to CEFC due May 31, 2011	33,500	33,500
8.5% Note payable to CEFC due May 31, 2011	50,000	50,000
8.5% Note payable to CEFC due April 30, 2013	<u>500</u>	<u>500</u>
	<u>\$584,000</u>	<u>\$ 584,000</u>
Long-term debt-other:		
Other secured and unsecured debt	<u>\$ 1,234</u>	<u>\$ 1,364</u>

In January 1999, the Company executed a \$500,000 note payable to CEI with interest at a rate of 8.5% per annum, payable on the last business day of each quarter. On July 1, 2000, CEI assigned the \$500,000 note to Park Place Finance Corporation. On March 9, 2004, Park Place Finance Corporation changed its name to Caesars Entertainment Finance Corporation. On June 1, 2001 the Company executed two notes payable in the amounts of \$33,500 and a \$50,000 to CEFC each with interest at a rate of 8.5% per annum, payable on the last business day of each quarter. In April 2004, the Company executed a \$500 note payable to CEFC with interest at a rate of 8.5% per annum, payable on the last business day of each month.

BALLY'S PARK PLACE, INC. (Bally's Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Amended
10/26/05

NOTE 9 - OTHER LIABILITIES

Other liabilities as of June 30 consist of the following:

	<u>2005</u>	<u>2004</u>
Retirement and other employee benefit plans	\$ 1,369	\$ 1,194
Other	<u>458</u>	<u>414</u>
	<u>\$ 1,827</u>	<u>\$ 1,608</u>

NOTE 10 - CHARGES FROM AFFILIATES-MANAGEMENT FEE

The Company and Harrah's have entered into an administrative services and management agreement. Under the agreement, Harrah's provides certain services to the Company in the conduct of its business including, but not limited to operations, marketing, banking, accounting, insurance, tax, regulatory and public company reporting, human resource and benefit administration and other administrative functions. In consideration for these services, the Company pays Harrah's a monthly management fee equal to three percent of revenues, as defined.

NOTE 11 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) for the three months ended June 30 consists of the following:

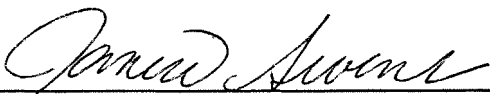
	<u>2005</u>	<u>2004</u>
Interest income	\$ 235	\$ 196
Gain (loss) on sale of assets	228	20
Equity in income of unconsolidated subsidiaries	16,076	1,801
Other	<u>77</u>	<u>225</u>
	<u>\$ 16,616</u>	<u>\$ 2,242</u>

Nonoperating income (expense) for the six months ended June 30 consists of the following:

	<u>2005</u>	<u>2004</u>
Interest income	\$ 474	\$ 413
Gain (loss) on sale of assets	264	349
Equity in income of unconsolidated subsidiaries	10,633	956
Other	<u>302</u>	<u>451</u>
	<u>\$ 11,673</u>	<u>\$ 2,169</u>

STATEMENT OF CONFORMITY, ACCURACY AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.



Signature

Controller
Title

#7091-11
License Number

On Behalf Of:
Bally's Park Place, Inc. NJ
Casino Licensee